

VZCZCXYZ0000
PP RUEHWEB

DE RUEHLP #1523/01 1911514
ZNY CCCCC ZZH
P 091514Z JUL 08
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 7972
INFO RUEHAC/AMEMBASSY ASUNCION 8150
RUEHBO/AMEMBASSY BOGOTA 5510
RUEHBR/AMEMBASSY BRASILIA 9445
RUEHBU/AMEMBASSY BUENOS AIRES 6664
RUEHCV/AMEMBASSY CARACAS 3768
RUEHPE/AMEMBASSY LIMA 4049
RUEHMN/AMEMBASSY MONTEVIDEO 5613
RUEHQT/AMEMBASSY QUITO 6390
RUEHSG/AMEMBASSY SANTIAGO 1110
RUEAIIA/CIA WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL
RUEHUB/USINT HAVANA 1283
RHEHNSC/NSC WASHINGTON DC
RHMFISS/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L LA PAZ 001523

SIPDIS

E.O. 12958: DECL: 07/08/2018
TAGS: [PGOV](#) [PREL](#) [PTER](#) [ASEC](#) [ECON](#) [ENRG](#) [EPET](#) [BL](#)
SUBJECT: RECALL PRIMER 2 OF 3: CONALDE'S RISING ROLE

REF: LA PAZ 1522

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b), (d)

11. (C) Summary: The strength of the National Democratic Council (CONALDE), a pro-autonomy group of the prefects (governors) and civic committees from five opposition-led departments (states), was bolstered by recent opposition electoral victories. But divisions that erupted last week concerning the August 10 recall referendum threaten to divide the nascent organization and reduce its effectiveness as it simultaneously works to assert its pro-autonomy agenda with the national government. Four of the five constituent member prefects agreed to participate in the recall last week in contradiction the June 23 CONALDE statement rejecting the recall, prompting criticisms from civic committee members and dissenting prefect Manfred Reyes Villa. CONALDE is also considering a number of actions, including turning off natural gas lines, to force the national government to return hydrocarbon revenue it claims was illegally expropriated from the departments. The Morales administration responded to the threats July 3 with a one-day freeze of payments to Tarija Department and Evo has refused to meet with the group until after the August 10 recall. This is part two of a three-part series examining the political landscape one month before the planned recall referendum. End Summary.

Civic Committees/Reyes Protest Recall Decision

12. (U) Four of the five department prefect (state governor) members of the opposition-aligned National Democratic Council (CONALDE) announced on July 4 and 6 that they would recognize the proposed August 10 recall referendum (reftel). The decision runs counter to the June 23 CONALDE pronouncement rejecting the recall outright and was immediately criticized by dissenting Cochabamba Prefect Manfred Reyes Villa. He emphasized July 4 that the resolution of other prefects to endorse the recall "is not a decision of CONALDE" and that CONALDE's June 23 announcement was the last official word on the subject.

13. (U) Many civic committee leaders from the opposition-led departments have likewise rabidly criticized the prefects' recall endorsements, particularly because they were not involved in the decision. Prefects and civic committee

members of all five CONALDE departments (Santa Cruz, Beni, Pando, Tarija, and Cochabamba) will meet to consider contentious referendum and hydrocarbon revenue issues July 9 and 10, respectively.

CONALDE's Pass at Evo Rejected

¶4. (U) The CONALDE prefects requested to meet with President Morales for a "dialogue of reconciliation" after declaring June 23 that they would not recognize the August 10 recall referendum on the mandates of the president and prefects. Morales refused to dialogue with CONALDE prefects, citing their rejection of his previous efforts to meet with them, and declared all political negotiations between the government and the prefects "suspended" until after the August 10 recall.

Prefects Petition for Return of IDH Funds

¶5. (U) In 2007, the Morales administration redistributed resources generated by IDH, a national tax on the hydrocarbon industry. According to frequently cited figures, the move reallocated 51 percent of the prefects previous budget to municipalities, cutting their portion of IDH revenue from 32.8 percent to 14.2 percent, and directed 30 percent of their remaining share toward Renta Dignidad, a national social security program. Without these funds, prefects say they have trouble implementing needed projects and administrating their departments.

¶6. (C) CONALDE announced demands for the return of some 500 million Bs (\$70 million) to departmental budgets July 1. Tarija threatened to initiate road blocks, regional strikes, and a closure of natural gas lines if the IDH "debt" isn't repaid. Two days after Tarija's threats, the central government froze all Tarija department resources for "technical reasons," but released the funds the following day. (COMMENT: Despite GOB claims to the contrary, freezing national funds to Tarija was an act of retaliation for opposition threats to cut off gas supply, a tactic the GOB had previously used against Santa Cruz. END COMMENT). On July 5, the other CONALDE departments came on-board, sending joint demands to the president, and scheduling a meeting on July 10 to consider harsher measures if the government fails to return the money. Civic committees in affected regions will meet to analyze the topic on July 8.

Evo Punts IDH Issue to Grandpa

¶7. (U) Morales replied that the money is already out of his hands and the issue must be decided by the mayors and elderly to whom it has been re-allocated. "If our grandfathers and grandmothers say they want this money returned to the prefectures, we'll return it." Morales also suggested calling a referendum on the subject. The national government continued to argue that extra tax revenue generated by an unforeseen rise in gas prices will more than restore the lost portion of the prefects' budgets, but CONALDE continues to focus on the change in the percentage of tax revenue received and demand compensation.

Comment

¶8. (C) Although divisions concerning recall strategy threaten to hamper the pro-autonomy organization in the short term, we see CONALDE's overall influence continuing to rise. With the opposition's June 29 win in the Chuquisaca Department prefect election, the addition of a fourth department (Tarija) voting in favor of autonomy on June 22, and plans brewing for autonomy votes in Chuquisaca and Cochabamba departments, CONALDE seems poised to continue growing in both size and power in the immediate future. New Chuquisaca Prefect Savina Cuellar announced plans to join CONALDE last week. End Comment.

